



Quench Your Thirst In Morgantown

By Amy Higginbotham, Economist

While the cost of living for Morgantown residents is average for U.S. cities, Morgantown is cheap for residents looking to quench their thirst. According to the ACCRA Cost of Living Index, Morgantown's cost of living was only 0.7 percent below the average for 290 U.S. cities for the second quarter of 2007. However, items ranging from milk to orange juice to wine were cheaper in Morgantown than the average U.S. city.

As shown in Table 1, Morgantown's composite cost of living index was 99.3, which placed it 54 percent below the highest cost area of New York (Manhattan), NY. While living in Morgantown was cheaper than living in most major metropolitan areas in the U.S., it was more expensive to live in than other West Virginia cities. In fact, the cost of living in Morgantown was 9.5 percent higher than in Charleston.

Table 1
ACCRA Cost Of Living
Second Quarter 2007

Metropolitan Area	Composite Index (100%)	Grocery Items (13%)	Housing (29%)	Utilities (10%)	Transportation (9%)	Health Care (4%)	Misc. Goods & Services (35%)	Estimated 2006 MSA Population
West Virginia Urban Areas								
Morgantown	99.3	94.1	104.7	110.1	96.2	104.2	94.3	115,136
Charleston	90.7	86.0	85.1	99.1	92.7	94.2	93.5	305,526
Other Eastern University Communities								
Cincinnati, OH (Cincinnati)	90.4	91.9	78.8	98.1	100.3	92.5	93.8	2,104,218
Columbus, OH (Ohio State University)	97.2	99.9	94.6	103.7	100.0	103.2	95.0	1,725,570
Knoxville, TN (University of Tennessee)	87.6	91.5	74.9	90.3	88.1	90.1	95.1	
Louisville, KY (Louisville)	98.8	90.0	90.6	110.5	115.1	98.0	100.6	1,222,216
Pittsburgh, PA (Pittsburgh)	99.5	101.0	93.5	107.8	102.1	85.1	102.3	2,370,776
Syracuse, NY (Syracuse University)	99.1	101.3	83.4	124.2	96.2	92.5	105.3	
Major U.S. Metro Areas								
Atlanta, GA	95.7	101.5	89.3	84.8	105.7	103.4	98.1	5,138,223
Boston, MA	135.9	120.7	159.7	135.4	106.4	136.1	131.1	4,455,217
Cleveland, OH	99.6	105.9	90.8	113.2	103.3	103.2	99.0	2,114,155
Denver, CO	103.7	105.1	110.9	95.7	98.9	108.5	100.5	2,408,750
Houston, TX	87.7	84.3	73.1	103.6	96.9	99.2	92.2	5,539,949
Miami, FL	116.3	103.9	138.6	106.5	104.3	103.2	110.7	5,463,857
New York (Manhattan), NY	214.7	164.5	403.3	151.9	122.8	129.1	136.6	18,818,536
Philadelphia, PA	124.0	125.7	145.8	116.1	104.2	112.5	115.1	5,826,742
Washington, DC	137.0	105.1	212.0	111.4	110.3	108.4	107.0	5,290,400

* Population of the Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Division

Source: ACCRA Cost of Living Index: Comparative Data for 290 Urban Areas Volume 40(2); U.S. Census Bureau

Morgantown's average cost of living index consisted of higher than average costs for housing, utilities, and health care and lower than average grocery, transportation, and miscellaneous costs. In fact, as Table 1 shows, Morgantown's utility costs, which consist of electric and natural gas expenses for a 2,400 square foot house and home telephone service, was over 10 percent more expensive than the average U.S. city. This higher than average expense was not only experienced in Morgantown but was a common theme for urban areas located in the northeastern part of the U.S. Grocery items and miscellaneous goods and services were over 5 percent less expensive in Morgantown than the average U.S. city but more expensive than Charleston. In fact, items such as a bag of potatoes, parmesan cheese and facial tissues were 9 percent more expensive in Morgantown and Charleston.

While the cost of living in Morgantown was average for an urban area during the second quarter of 2007, items that can quench your thirst were found to be cheaper in Morgantown. As shown in Table 2, the price for drinks such as milk, orange juice, Coke, and wine cost less than the average U.S. city. In fact, the cost in Morgantown of a 64oz. container of Tropicana or Florida's Natural orange juice was 32¢ cheaper than average and \$3.04 less expensive than in Oakland, CA. A one-liter bottle of Coke was also cheaper than average in the second quarter, but prices for beer and wine were close to the national average.

Table 2
ACCRA Cost of Living - Average Drink Prices
Second Quarter 2007

	Milk (1/2 Gallon, Whole)	Orange Juice (64oz. Tropicana or Florida's Natural)	Coke (2-Liter)	Beer (6-pack Heineken)	Wine (1.5 Liter Livingston Cellars or Gallo)	Total
Anchorage, AK	\$2.19	\$4.52	\$2.19	\$10.54	\$10.24	\$29.68
Oakland, CA	\$2.61	\$5.99	\$1.81	\$8.99	\$6.99	\$26.39
Washington, DC	\$2.11	\$3.00	\$1.36	\$8.59	\$6.95	\$22.01
Honolulu, HI	\$3.49	\$5.76	\$1.66	\$8.89	\$7.39	\$27.19
New York (Manhattan), NY	\$2.73	\$3.77	\$1.92	\$9.29	\$9.99	\$27.70
Pittsburg, PA	\$1.74	\$3.19	\$1.27	\$7.79	\$7.99	\$21.98
Charleston, WV	\$2.16	\$2.91	\$1.07	\$7.27	\$6.60	\$20.01
Morgantown, WV	\$1.87	\$2.95	\$1.24	\$8.02	\$6.56	\$20.64
Average US city	\$2.08	\$3.27	\$1.35	\$7.98	\$6.59	\$21.27

While the ACCRA Cost of Living Index is a useful indicator of local economic conditions, it should be considered with caution. The ACCRA Cost of Living survey, designed by the Council for Community and Economic Research, measures the regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures. The prices collected and compared are geared to represent goods and services purchased by a typical professional household in the top income quintile of the area.

Single-Family Housing Hits The Brakes, Apartments Hit The Gas

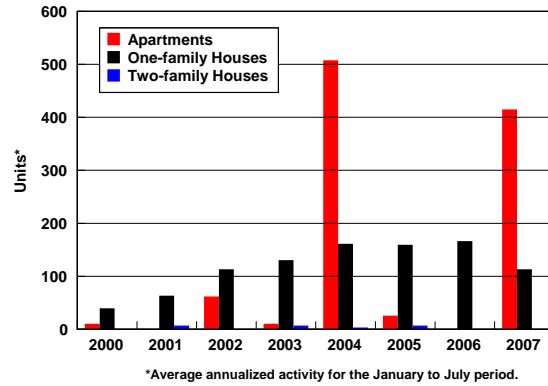
By George W. Hammond, Associate Director

J. Sebastian Leguizamon, Graduate Resesarch Assistant

According to data from FW Dodge, construction of single-family homes in the Morgantown MSA so far this year has decreased compared with each of the last four years. As Figure 1 illustrates, so far in 2007 the number of single-family homes started in the Morgantown MSA has decreased by almost one third in comparison with last year. After hitting an annualized rate of 160 single-family units during the first seven months of 2004, 2005, and 2006, construction of this type of residence has fallen to an annualized average of 113 houses during January to July of this year.

In contrast, the number of apartment units started in the Morgantown MSA skyrocketed during the first seven months of 2007. Activity in this sector tends to be highly volatile, with large spikes in years when large apartment projects are begun followed by little or no activity as the additional supply is digested by the market. Morgantown has experienced a surge of apartment construction during the last four years, reflecting investments in anticipation of rising enrollments at West Virginia University, continued population growth, and an overall upgrading of the apartment housing stock in the Morgantown area.

Figure 1
Residential Construction Activity for Morgantown MSA
 Data from FW Dodge

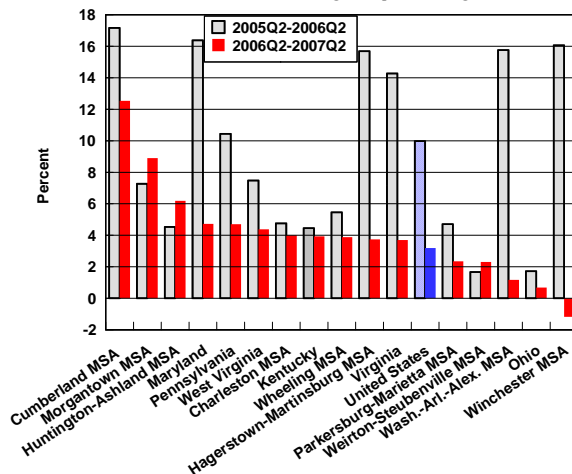


Despite the cooling of single-family construction so far this year, the Morgantown MSA continues to experience sustained increases in house prices, as Figure 2 shows. For the second quarter of 2007, single-family home prices in the Morgantown MSA showed a year-to-year growth rate of 8.9 percent, 1.6 percentage points more than in the previous four quarter period. Of the metropolitan areas in the state, only the Cumberland MSA posted faster house price appreciation during the past four quarters.

In contrast, house price appreciation for the nation decelerated significantly during the past year, falling from 10.0 percent from 2005 to 2006 to just 3.2 percent last year. West Virginia experienced a similar but less dramatic deceleration, from 7.5 percent between 2005 and 2006 to 4.4 percent during the past four quarters.

This decline in price appreciation has also affected the other MSAs with at least one county in West Virginia. In fact, the Winchester MSA posted a 1.2 percent decline in house prices between the second quarter of 2006 and the same quarter of 2007. This is a huge deceleration compared to the 16.0 percent increase posted from mid-2005 to mid-2006. The Washington MSA and the Hagerstown-Martinsburg MSA also posted large decelerations during the past year, although house prices rose modestly.

Figure 2
House Price Appreciation Continues In Morgantown
 Office of Federal Housing Enterprise Oversight



Morgantown MSA Economic Indicators
(Seasonally Adjusted Unless Otherwise Noted)

Region/Indicator	Year			Quarter				
	2004	2005	2006	2006:2	2006:3	2006:4	2007:1	2007:2
Morgantown MSA								
Total Nonfarm Employment	55,903	57,489	59,561	58,793	59,755	60,644	61,662	60,966
Total Nonfarm Employment (%)	2.8	2.8	3.6	-1.9	6.7	6.1	6.9	-4.4
Nat. Res. and Mining	810	769	932	941	931	962	957	972
Construction	2,484	2,741	2,752	2,753	2,762	2,770	2,905	2,892
Manufacturing	3,644	3,784	3,873	3,891	3,855	3,838	3,893	3,901
Trade, Trans., and Util.	7,814	8,233	8,673	8,416	8,630	9,101	9,320	9,080
Information	635	632	660	656	668	662	665	660
Financial Activities	1,707	1,693	1,775	1,803	1,759	1,782	1,831	1,816
Prof. & Bus. Servs.	4,658	4,478	4,300	4,303	4,348	4,317	4,366	4,346
Educ. & Health Servs	10,753	11,141	11,576	11,524	11,652	11,653	11,825	11,824
Leisure and Hospitality	5,026	5,193	5,660	5,413	5,653	5,999	6,291	6,159
Other Services	2,761	2,761	2,828	2,755	2,848	2,857	2,844	2,815
Total Government	15,618	16,065	16,538	16,338	16,649	16,703	16,762	16,502
Unemployment Rate (%)	3.8	3.5	3.7	4.0	4.1	3.4	2.9	3.3
Residential Const. Contracts (\$ mil. NSA AR)	38	25	28	29	27	26	167	19
Non-Building Const. Contracts (\$ mil., NSA AR)	19	13	66	42	80	122	5,209	1,051
Non-Residential Const. Contracts (\$ mil., NSA AR)	121	93	155	250	155	26	222	23
Residential Const. Contracts (Units AR)	456	182	159	169	155	152	1,259	140
Housing Price Index (NSA, 1995Q1=100.0)	134.6	153.2	164.9	161.7	170.2	170.4	174.2	176.1
Housing Price Index (%)	9.4	13.9	7.6	11.9	22.8	0.4	9.2	4.4
Population	113,851	114,644	115,136	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	26,766	28,058	n/a	n/a	n/a	n/a	n/a	n/a
West Virginia								
Total Nonfarm Employment (thous.)	737.0	746.7	756.0	754.8	755.6	758.5	758.6	759.4
Total Nonfarm Employment (%)	1.3	1.3	1.2	-0.2	0.4	1.6	0.0	0.5
Unemployment Rate (%)	5.3	5.0	5.0	4.9	5.2	5.1	4.2	4.4
Residential Const. Contracts (\$ mil. AR)	871	1,134	1,226	1,041	984	1,170	1,263	869
Non-Building Const. Contracts (\$ mil., NSA AR)	681	990	917	1,288	1,007	867	6,047	2,035
Non-Residential Const. Contracts (\$ mil., NSA AR)	532	727	1,030	882	497	1,665	568	1,731
Residential Const. Contracts (Units AR)	6,324	6,539	6,270	5,576	5,219	5,961	6,774	6,241
Housing Price Index (NSA, 1980Q1=100.0)	190.9	210.0	226.0	222.7	228.7	230.6	233.0	232.5
Housing Price Index (%)	5.8	10.0	7.6	1.0	11.1	3.3	4.3	-0.9
Population	1,810,906	1,814,083	1,818,470	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	25,302	26,419	27,897	n/a	n/a	n/a	n/a	n/a
United States								
Total Nonfarm Employment (thous.)	131,423	133,696	136,175	135,913	136,442	136,951	137,447	137,864
Total Nonfarm Employment (%)	1.1	1.7	1.9	1.5	1.6	1.5	1.5	1.2
Unemployment Rate (%)	5.5	5.1	4.6	4.6	4.7	4.5	4.5	4.5
Housing Price Index (NSA, 1980Q1=100.0)	324.3	366.3	399.1	396.8	401.4	406.8	409.1	409.4
Housing Price Index (%)	10.6	13.0	9.0	5.3	4.7	5.5	2.2	0.3
Population	293,638,158	296,507,061	299,398,484	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	33,090	34,471	36,276	n/a	n/a	n/a	n/a	n/a

Notes:

Construction data is from FW Dodge. Monthly data is reported at annual rate. NSA means Non-seasonally Adjusted data. AR indicates annual rate
Per Capita Personal Income is from www.bea.gov , Population is based on Census estimates on July 1 of that year
Employment data is from the Bureau of Labor Statistics and WORKFORCE West Virginia
Housing Price Index is from the Office of Federal Housing Enterprise Oversight.
Data compiled by WVU Bureau of Business and Economic Research, www.bber.wvu.edu

Morgantown MSA Economic Monitor

R. Stephen Sears

Tom S. Witt

George W. Hammond

Milan Puskar Dean of the College of Business & Economics

Director of the Bureau of Business and Economic Research
and Professor of Economics

Associate Director, BBER, and Associate Professor of
Economics



Copyright © 2007 WVU Research Corporation
www.bber.wvu.edu